

## **Agency Accomplishments Fiscal Year 2004**

### **Expand opportunities for homeownership:**

- ★ Mortgage production reached \$288.9 million which exceeded the goal of \$240-260 million. 3,033 families and individuals achieved homeownership as a result.
- ★ The \$45 million Disaster Relief and Economic Recovery mortgage program assisted 488 low and moderate income families and individuals affected by floods and tornados in the federally designated disaster areas.
- ★ Extended the New Start Program until December 31, 2005, and authorized an additional \$2.0 million to assist qualified non-profits to provide homeownership opportunities to low income families.
- ★ Expanded the Homebuyer Education (HBE) Program to include a mentoring program to develop new trainers, a system to reimburse HBE trainers \$150 for each closed THDA loans, and conducted two "Train the Trainer" sessions which added an additional 75 trainers across the state.
- ★ Seven voucher participants in the Section 8 to Homeownership Program purchased homes, and 75 voucher families entered the program to prepare for home purchase. Since inception in 2002, 26 families have purchased a home.
- ★ Twenty-four families graduated from the Family Self Sufficiency Program (FSS), receiving a total of \$37,000 in escrow or savings, to be used to purchase a home or achieve other self sufficiency goals such as education and job training.
- ★ Continued to fund the Individual Development Account Program which assists very low income persons whose ultimate goal is homeownership. IDA is administered though a partnership with a non-profit organization that provides statewide coverage.

### **Preserve affordable owner-occupied housing stock**

- ★ HOME grant program dollars awarded to 67 local governments, CHDO, or non-profit recipients; 51 of the recipients received a total \$12.6 million and propose to rehabilitate a total 351 owner-occupied homes.
- ★ Disaster Recovery Grant Program provided a total of \$500,000 to assist low and moderate income families affected by disaster; program targeted the five counties with the highest number of applications for federal disaster assistance: Bradley, Hamilton, Henderson, Madison, and McMinn Counties. At the end of the fiscal year, all funds were committed and seven households had received assistance through this program.
- ★ Initiated the THDA House Repair Program, in partnership with the USDA Rural Housing Services, to make forgivable loans to low income families for home repair. THDA total commitment to the program is \$325,000. At the end of fiscal year 2004, \$197,843 in forgivable loans had been made to assist 66 low income families with home repair. USDA funds, at that point in time, totaled \$291,420.
- ★ Expanded the Ramps Program with United Cerebral Palsy (UCP) of Middle Tennessee: provided an additional \$400,000 to the program and facilitated a partnership between UCP and other agencies to take the program state-wide. From the beginning of this program in April 1999 to the end of the fiscal year 2004, UCP has constructed 602 ramps on homes of the disabled and frail elderly.

### **Preserve and expand availability of and accessibility to affordable rental housing:**

- ★ Allocated tax credits in the amount of \$13,383,345 to provide for preservation, rehabilitation, or construction of 3,193 units. Multi Family Bond authority totaled \$46,374,000 to provide for the construction of 1,336 units of affordable rental housing.

- ★ Implemented the “Continuous Application Window” for Multi Family Tax Exempt Bond Authority applications, which offers additional flexibility to potential applicants in structuring their proposed developments.
- ★ Awarded a total of \$3,378,679 in HOME grant funds to provide 90 units of rental housing.
- ★ Consistently assisted more than 5,800 clients with rent payments through the Section 8 Voucher program.
- ★ Received 50 new vouchers through the HUD Mainstream program to target disabled individuals and families.
- ★ Continue to share the goal of assisting the developmentally delayed by partnering with the Department of Mental Retardation to conduct home inspections for the State of Tennessee Rental Assistance Program (STRAP) for more than 900 disabled individuals across the state.
- ★ Twenty-four Section 8 voucher families who participate in THDA’s Family Self Sufficiency Program graduated from the program. The FSS program assists voucher families with establishing and achieving goals, such as education, job training or employment, to become free of government welfare services.
- ★ Continue the Section 8 Contract Administration responsibilities: Housing Assistance Payments totaled \$109,684,693 at year end and represented 28,618 units of affordable rental housing;
- ★ Assigned an additional ten developments by HUD bringing the total number of contract developments to 394.
- ★ Conducted quarterly outreach activities with HUD and USDA Rural Housing Service. Met with the owners/agents of rural multifamily developments to discuss issues concerning the overlap between Section 8 and RHS housing requirements. A total of four meetings were held in both Middle and West Tennessee.
- ★ Performed a critical role in working with HUD to identify those developments that were effected by HUD funding shortfalls, thereby eliminating a float of THDA funds to cover monthly HAP payments.
- ★ Attained a satisfactory rating on the administration of the “traditional” THDA multifamily loan portfolio. HUD did not identify any findings on the formal inspection instrument.
- ★ Continue to insure that rental units are properly maintained through on-site visits by the compliance staffs in both Section 8 Rental Assistance and Section 8 Contract Administration Divisions.

## **Build neighborhoods and communities**

- ★ Ongoing cooperation with local and regional housing partners, both private and non-profit, who provide homeownership and rental housing opportunities in neighborhoods and communities throughout the state.
- ★ Instituted the HOME Program Regional Allocation Plan to provide a wider opportunity for potential HOME grant applicants in each region of the state.
- ★ Helped to restore neighborhoods affected by the devastation of floods and tornadoes with the THDA Disaster Relief and Disaster Recovery mortgage and grant programs; delivered these programs in partnership with state and federal agencies, local governments, and non-profit organizations.
- ★ Board authorized the agency to respond to future natural disasters in a timely manner should the need arise by activating the Disaster Relief mortgage program.
- ★ Conducted the Reaching New Heights conference to increase the capacity of non-profits and CHDOs in underserved communities throughout Tennessee.

## **2004 Division Accomplishments**

### **Homeownership Division**

- ★ Expanded outreach efforts to lenders and realtors across the state in an attempt to increase partner participation in THDA programs. These efforts included training, sponsoring events, and improving procedures to make THDA more “customer friendly”.
- ★ Completed a comprehensive review and revision of the THDA “Originating Agents Guide” which will allow the agency to be more consistent in working with the lenders across the state.
- ★ Developed and initiated a pilot program to allow a THDA Originating Agent to partner with a wholesale lender to originate THDA loans. The goal of this pilot is to expand the opportunities for rural lenders to participate in our programs.
- ★ Developed internal management reports, which allow for more effective monitoring of workflow and employee performance. This enables division management to ensure that lenders are receiving the most optimum service from the agency.
- ★ Identified and implemented improvements to the mortgage system (MITAS), which improves the efficiency of the department and provides better service to the lenders.
- ★ Identified and encouraged staff to participate in professional development classes to enhance their technical skills. By improving staff performance and operating efficiencies, THDA can provide quicker turnaround times on mortgage commitments. This is very important to our lenders.

### **Community Programs**

- ★ Continued to provide technical assistance services to HOME grantees across the state with both on-site and telephone contact.
- ★ Enhanced the HOME program policies and monitoring system through the use of an independent technical/assistance provider.
- ★ Initiated development of a HOME grant tracking system to improve reporting of grant expenditures and grantee information.
- ★ Maintained full compliance with all HUD HOME Environmental Standards per the FY04 HUD Audit.
- ★ Initiated program design to assist in building program and administrative capacity for THDA HOME program grant recipients.

### **Section 8 Rental Assistance**

- ★ THDA was deemed a high performer for voucher program management, the highest level of performance in the Department of Housing and Urban Development (HUD) Section 8 Management Assessment Program, which is HUD’s primary evaluation of the agency’s performance in managing the Section 8 program.

### **Section 8 Contract Administration**

- ★ Earned 99% of available HUD base fees and over 95% of HUD incentive fees during the 2004 HUD contract period.
- ★ Maintained a satisfactory status on the annual HUD inspection for compliance with the Section 8 contract administration IBPS standards. Significant improvement was identified specific to THDA site monitoring and administrative activities.
- ★ Implemented a Training Coordinator function to directly schedule both pre-service and in-service training to all Contract Administration staff. During the fiscal year, all existing staff in Project Management, Contract Renewals and TRACS received Certified Occupancy Training.
- ★ Expanded the Internal Compliance audit process within the Project Management section to

insure that all Management and Occupancy Reports submitted each month are fully reviewed for accuracy and completion of REMS data screens prior to forwarding to HUD.

- ★ Implemented monthly management team meetings with HUD to discuss program interpretation and contract compliance issues. Both HUD and THDA staff work jointly to develop the monthly agenda and resolution to identified issues.
- ★ Conducted quarterly outreach activities with HUD and USDA Rural Housing Services to meet with the owners/agents of rural multifamily developments in order to discuss issues concerning the overlap between Section 8 and RHS housing requirements. A total of four meetings were held in both Middle and West Tennessee.
- ★ Utilized a TRACS consultant to analyze TRACS operations and provide updated training to TRACS staff regarding recent HUD program changes and processing techniques.
- ★ Participated in the national HUD Section 8 Contract Administration conference calls designed to identify issues and inconsistencies in the delivery of the contract administration program across the nation.
- ★ Performed a critical role in working with HUD to identify those developments that were effected by HUD funding shortfalls, thereby eliminating a float of THDA funds to cover monthly HAP payments.
- ★ Attained a satisfactory rating on the administration of the “traditional” THDA multifamily loan portfolio. HUD did not identify any findings on the formal inspection instrument.

### **Multifamily and Special Programs**

- ★ Implemented a “Continuous Application Window” for Multi Family Tax Exempt Bond Authority applications. This offered additional flexibility to potential applicants in structuring their proposed developments.
- ★ Conducted multiple application workshops and developer feedback forums across the state. These activities were designed to enhance the participant’s understanding of program requirements and provide them an opportunity to participate in ongoing development of the program.
- ★ Allocated the full amount of competitive LIHTC credits that the IRS authorized to THDA in FY04.
- ★ Increased the amount of Multi Family Tax Exempt Bond Authority available for allocation to total \$99 million for FY04.

### **Program Compliance Division**

- ★ The Division successfully reviewed and inspected 668 LIHTC properties during the three year period ending 12/31/03 meeting IRS requirements and the three-year inspection schedule.
- ★ Compliance monitors conducted four formal LIHTC training sessions and five on-site training sessions during the fiscal year.
- ★ Met program requirements for grants programs by monitoring 28 grant properties during the fiscal year.
- ★ Effective July 1, 2004, the Compliance Section was removed from the Internal Audit Division, and became the Program Compliance Division.

### **Mortgage Administration Division**

- ★ Staff reorganizations to improve the effectiveness of the division.
- ★ Promoted Sharon Pommer to the position of Director of Mortgage Administration and reorganized remaining staff to more closely match skills with tasks.
- ★ Completed the implementation of the Electronic Interface project between the Agency, the Mortgage Loan Servicers and the Trustee.

- ★ Fully implemented the direct servicing pilot program and continued to expand the number of loans being serviced by THDA.
- ★ Purchased the software for the Document Imaging system. Implementation of this project will take place in FY04-05.
- ★ Completed the transfer of loans from Bank of America to US Bank.
- ★ Coordinated a review of American Home Mortgage's servicing operation and recommended that those loans be moved to another servicer due to poor performance.
- ★ As in Homeownership, identified and implemented improvements to the mortgage system (MITAS).
- ★ Identified and encouraged staff to participate in professional development classes to enhance their technical skills.

## **MIS Division**

- ★ Maintained the agency network at a high level, with 99.6% up-time and no successful external intrusions or attacks against servers or workstations.
- ★ Completed many enhancements to equipment, consolidations for more efficiency, and improved back-up procedures.
- ★ Established a disaster recovery plan for technology, procured the necessary equipment and have begun testing the plan.
- ★ Purchased software and have begun implementation on the following projects:  
Business Resumption Planning, Document Retention, Section 8 Choice Voucher Program
- ★ Developed a Fatal Error Reporting System for Section 8 Contract Administration to improve the quality of data coming from housing projects.
- ★ Wrote or enhanced 100+ Crystal Reports and data extractions in support of several agency divisions and programs.
- ★ Conducted over 40 technology classes for agency staff
- ★ Enhanced e-business on the Mortgage System (MITAS) in the areas of payoffs, payment adjustments and curtailments that improved staff efficiency in these areas.
- ★ Identified and encouraged staff to participate in professional development classes to enhance their technical skills.

## **Fiscal Administration Division**

- ★ Completed the year-end Financial Statements by August 15.
- ★ Successfully coordinated the consolidation of THDA central office space.
- ★ Identified and implemented improvements to operating systems and the monthly reconciliation process.
- ★ Completed a major staff transition. Joe Brown was promoted to the Director position and Ann Salyers was promoted to Assistant Director. Other staff were promoted or hired during the past year.
- ★ Identified and encouraged staff to participate in professional development classes to enhance their technical skills.

## **Finance Division**

- ★ Maintained agency profitability by diverting low-yielding cash balances to redeem higher coupon debt.
- ★ Identified and implemented improvements to operating systems and the monthly reconciliation process.
- ★ Achieved investment yields in excess of established benchmarks.
- ★ Implemented quarterly bond calls to reduce the effect of negative arbitrage in a low investment yield environment.

- ★ Streamlined the check writing function, which made the homeownership division more efficient in funding mortgages.

## **Internal Audit**

- ★ The Internal Audit division is required by Section 4-3-304(7), *Tennessee Code Annotated*, to submit a copy of our annual audit plan to the State Comptroller's Office in July of each fiscal year to allow them to adequately coordinate the state's audit resources. While this plan includes a number of projects scheduled for completion during the year, other matters arise that may require a shift in priority and/or audit time. From July 1, 2003 through June 30, 2004, the Internal Audit Division released four audit reports, three investigations of vehicle abuse or other allegations concerning the Agency, and completed four review and compilation projects.

## **Research, Planning & Technical Services**

- ★ In addition to our regular periodic research reports and analysis, the Division completed the following projects:
- ★ Prepared an in-depth examination of the complementary nature of the relationship between prepayment and payment default.
- ★ Development of improved Tax Credit and HOME Needs Scoring that incorporates component measures of rental market imbalances in affordable supply and demand.
- ★ Revised estimates of the number and racial composition of the population eligible to be served by THDA programs.
- ★ Produced a series of housing analysis articles based on 2000 Census data, including "Racial Differences in Housing Tenure and Housing Cost Burden in Tennessee" and "Rental Market Trends and Affordability Shifts in Tennessee during the Nineties".
- ★ Development of a CHAS database for Tennessee incorporating data from a multiplicity of special tabulation tables of 2000 Census data.
- ★ Completed the CAPER and Annual Action Plan and submitted them on a timely basis to HUD
- ★ Produced and distributed quarterly editions of Housing Matters; produced and distributed a print version of the agency's Annual Report, utilizing an innovative design that received significant recognition from our audience.
- ★ The Division was instrumental in planning and carrying out the 2004 Appalachian Housing Summit, the Reaching New Heights: Capacity Building for Non-profits Conference, and the Addressing the Housing Needs of People with Disabilities conference, and the 2004 Fair Housing Matters conference.
- ★ Initiated a clean-up and reorganization of the agency's centralized databases.